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STATE FOR NEA/ARP, EEB/ESC/ESP

E.O. 12958: DECL: 06/27/2017  
TAGS: [PREL](#) [EPET](#) [ECON](#) [EINV](#) [MU](#)  
SUBJECT: OMANI GOVERNMENT AND PRESS QUIET ABOUT POSSIBLE  
GAS DEAL WITH IRAN

REF: A. MUSCAT 494

[1](#)B. MUSCAT 559

Classified By: Charge d'Affaires Alfred A. Fonteneau for Reasons 1.4 (b  
, d)

[1](#)1. (SBU) The Omani government and local press has provided scant details on Minister of Commerce and Industry Maqbool Ali Sultan's current visit to Tehran and meetings with Iranian officials. Oman's Ministry of Information reported simply that Maqbool and Iranian Foreign Minister Manouchehr Mottaki discussed ways to enhance bilateral relations, including "investments in liquefied natural gas projects and other joint ventures." The official government press release further stated that "documents had been prepared for signing," but made no mention of Minister Maqbool having completed or penned a formal agreement that builds on the two countries' May 15 memorandum of understanding (MOU) in the oil and gas sector (ref A). The Omami News Agency did print a Reuters article claiming that the two sides were prepared to "finalize" an agreement in September 2007 on the export of Iranian gas to Oman. Contacts suggest that the Omani government likely will not provide further details or make any other official comments until Maqbool returns from Tehran.

[1](#)2. (C) When contacted by poloff on June 27, Khalifa al Hinai, Technical Advisor to the Minister of Oil and Gas, claimed ignorance of reports that Oman and Iran had signed or were close to signing a natural gas agreement, even asserting that he did not know Maqbool was in Tehran. He implied, however, that the current news should be seen in the context of discussions about a gas deal between Muscat and Tehran that have been ongoing for the past two years. According to Hinai's information, unresolved disagreements over pricing made any joint projects or investments unlikely for some time (ref B). He noted, however, that progress on a deal could move forward depending on "what Maqbool brings with him from Tehran," and added that the Minister likely would sign an agreement once &the price is right.8

[1](#)3. (C) Comment: During his June 2 meeting with the Ambassador, Maqbool was clear that reaching a favorable gas deal with Iran was in Oman's national interests, and that he hoped to develop the May 15 MOU into a firm agreement during this visit to Tehran (ref B). Regardless of what type of document Maqbool may have signed with Iranian officials this week, we expect Oman to continue pursuing gas from Iran and other sources in order to support its industrial and economic diversification goals. Post will continue to monitor economic ties between Oman and Iran and remind Omani officials of the Iran Sanctions Act (ISA). End comment.  
FONTENEAU